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Director and Chief Medical Officer

FRED LEAF
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COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
313 N. Figueroa, Los Angeles, CA 90012
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BOARD OF SUPERVISORS

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May 6, 2004

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFER OF SETTLEMENT
(ALL DISTRICTS AFFECTED - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services or his designee to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, for the following individual accounts for patients who received medical care at a County facility:

(1) Account Number - 0926757	\$216,000
(2) Account Number - 0856770	\$216,000
(3) Account Number - 0758668	\$208,000
(4) Account Number - 5913503	\$304,353
(5) Account Number - 5020929	\$10,000
(6) Account Number - 5436533	\$4,500

PURPOSE OF THE RECOMMENDED ACTION:

The compromise offer of settlement for patient accounts (1) - (4) are recommended because the amounts are the highest amounts that could be negotiated with the patients' insurance (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevent further collection from the patients, except for possible beneficiary coinsurance or deductible obligations. The compromise offer of settlement for patient accounts (5) - (6) are recommended because the patients are unable to pay the full amount (or balance) of charges and the compromise offers represent the maximum amounts the Department will be able to receive under the tort settlement involved in these cases.

JUSTIFICATION:

The best interests of the County would be served by the approval of these compromises since it will enable DHS to maximize net revenue on these accounts.

FISCAL IMPACT:

This will expedite the County's recovery of partial payment totaling approximately \$958,853.

FINANCING:

Not applicable.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

On January 8, 2002 the Board approved an ordinance granting the Director of Health Services (Director) authority to reduce patient account liabilities when in the best interest of the County. The ordinance was adopted by the Board on January 15, 2002.

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

The compromise of these accounts is not within the Director's authority, so the Director is requesting Board approval of these compromises.

Several of the compromises involve a tort settlement. Typically, recoveries in tort settlements are divided into thirds – one third each to the plaintiff (patient), attorney, and lien holder(s), although the final result is always the product of negotiation. The County may therefore receive a higher or lower percentage depending on the circumstances of the case. Factors that affect the County's percentage include the number of other lien holders and the contractual agreement between the plaintiff and the lawyer.

CONTRACTING PROCESS:

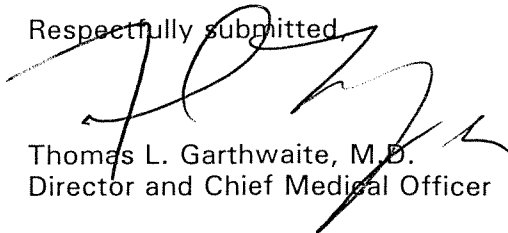
Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

Maximizing net revenues on these accounts will help DHS to meet its budgeted revenue amounts.

When approved, DHS requires three signed copies of the Board's action.

Respectfully submitted,


Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

TLG:lg (R:\Astecker\CompromiseBrdLtr#17\CompromiseLtrMay04)

Attachments

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: May 6, 2004

Total Charges	\$339,180	Account Number	0926757
Amount Paid	0	Service Type	Inpatient
Balance Due	\$339,180	Date of Service	01/20/2004-02/19/2004
Compromise Amount Offered	\$216,000	% Of Settlement	64% of Gross Charges
Amount to be Written Off	\$123,180	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: May 6, 2004

Total Charges	\$337,836	Account Number	0856770
Amount Paid	0	Service Type	Inpatient
Balance Due	\$337,836	Date of Service	12/31/2003-02/02/2004
Compromise Amount Offered	\$216,000	% Of Settlement	64% of Gross Charges
Amount to be Written Off	\$121,836	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: May 6, 2004

Total Charges	\$320,059	Account Number	0758668
Amount Paid	0	Service Type	Inpatient
Balance Due	\$320,059	Date of Service	12/12/2003-01/08/2004
Compromise Amount Offered	\$208,000	% Of Settlement	65% of Gross Charges
Amount to be Written Off	\$112,059	Facility	LAC+USC Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No.4
DATE: May 6, 2004

Total Charges	\$380,441	Account Number	5913503
Amount Paid	0	Service Type	Inpatient
Balance Due	\$380,441	Date of Service	01/18/2004-02/13/2004
Compromise Amount Offered	\$304,353	% Of Settlement	80% of Gross Charges
Amount to be Written Off	\$76,088	Facility	H/UCLA Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that could be negotiated with the patient's insurance (Commercial or HMO) under the circumstances of the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 5
DATE: May 6, 2004

Total Charges	\$225,676	Account Number	5020929
Amount Paid	\$175,053	Service Type	Inpatient
Balance Due	\$50,623	Dates of Service	10/20/2002-11/04/2003
Compromise Amount Offered	\$10,000	Facility	H/UCLA Medical Center
Amount to be Written Off	\$40,623		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$225,676 for medical services rendered. The patient's private insurance paid \$175,053. A lien was filed for the balance of \$50,623 against the other driver but he had no insurance and filed for bankruptcy. The patient's parents' automobile insurance paid the uninsured motorist coverage of \$15,000. The total collection on this account represents 84% of charges.

The patient's claim has been settled for the \$15,000 and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees		\$5,000	33.3%
H/UCLA	\$50,623	\$10,000	66.7%
Net to Patient *		\$0	0%
Total		\$15,000	100.0%

* Patient was a minor who expired as a result of this accident

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/ULCA Medical Center.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 6
DATE: May 6, 2004

Total Charges	\$87,515	Account Number	5436533
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$87,515	Dates of Service	05/16/2003-05/23/2003
Compromise Amount Offered	\$4,500	Facility	H/UCLA Medical center
Amount to be Written Off	\$83,015		

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at H/UCLA Medical Center and incurred total inpatient charges of \$87,515 for medical services rendered. This patient qualified for the Ability to Pay (ATP) program with no liability.

The patient's third-party claim has been settled for \$15,000, the patients' uninsured motorist policy limits; and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Attorney fees		\$5,000	33.3%
H/UCLA	\$87,515	\$4,500	30.1%
Other Lien Holders	\$2,064	\$500	3.3%
Net to Patient		\$5,000	33.3%
Total		\$15,000	100.0%

Based on financial information provided by patient, it appears that the patient has no other source of income, or personal or real property to meet his obligation to H/UCLA medical Center.